

Opportunities for small RES-E producers in the market

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Outline

- Introduction
- Legal framework for small RES-E producers in Slovenia
- Rising market prices = opportunity
- “Product” of buying energy from small RES-E producers
- Opportunities of small RES-E in the market

Introduction

- ◆ EU set down indicative targets for RES-E production
- ◆ RES-E advantages
- ◆ Generally, RES-E are not competitive on the market \Rightarrow support is needed
- ◆ Two major support schemes:
 - ◆ Certificate system
 - ◆ Feed-in tariffs

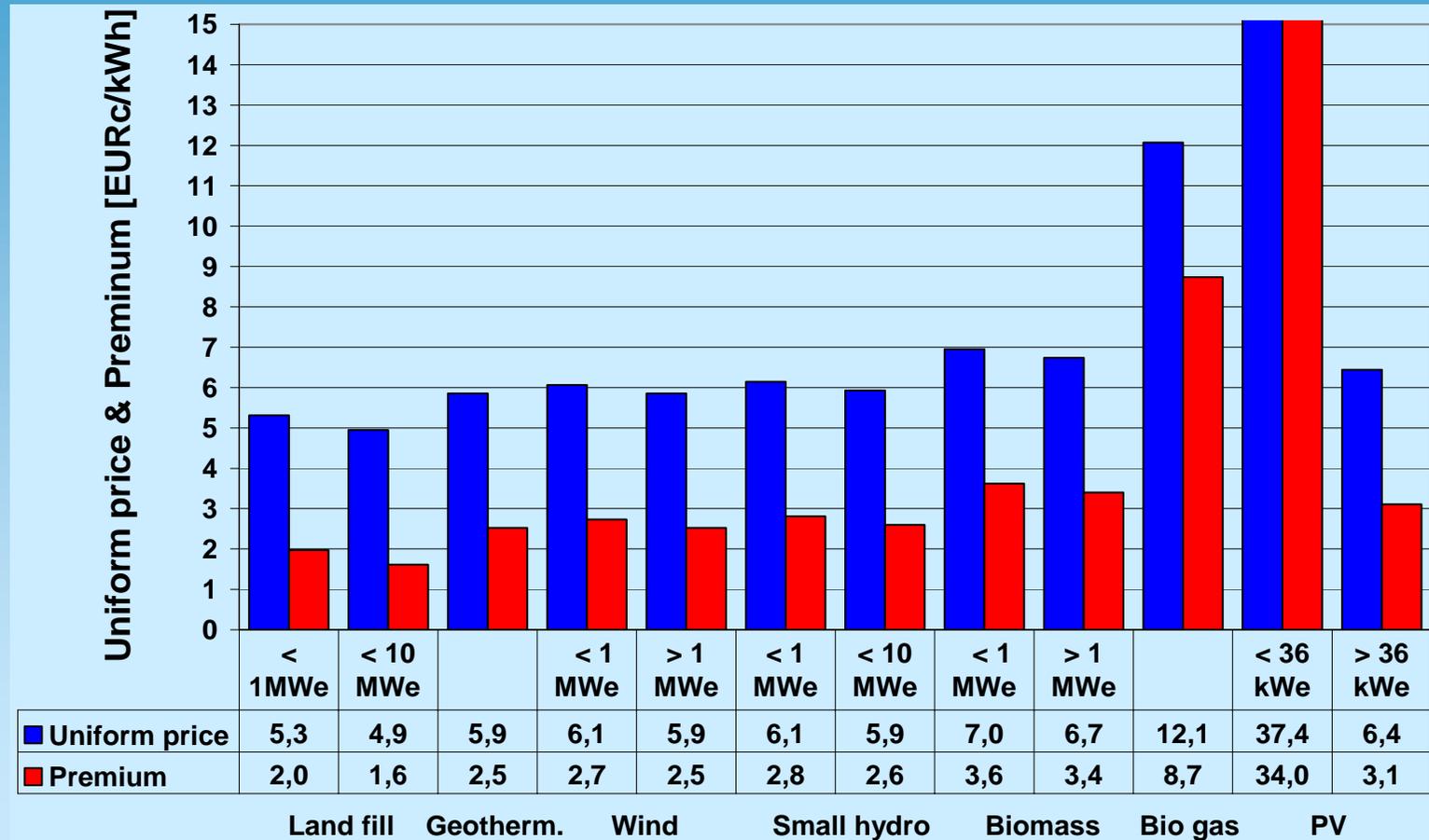
Legal framework for small RES-E producers in Slovenia

- Status of Qualified electricity producer (QP)
- Feed-in tariff support mechanism
- Government: sets and updates the tariffs

Feed-in tariffs for QP

Premium

Uniform price



QP legal rights (options!)

Options for selling electricity:

1. *Network operators are obliged to conclude long-term (10 years) feed-in contracts and are obliged to purchase all electricity offered by QP at the price determined by the Government*

OR

2. *QP can sell electricity on market and still gets the “premium”.*

Option of uniform of dual-tariff price

Balance group responsibility:

- QP is not responsible for covering balancing energy costs



Price evolution in Europe

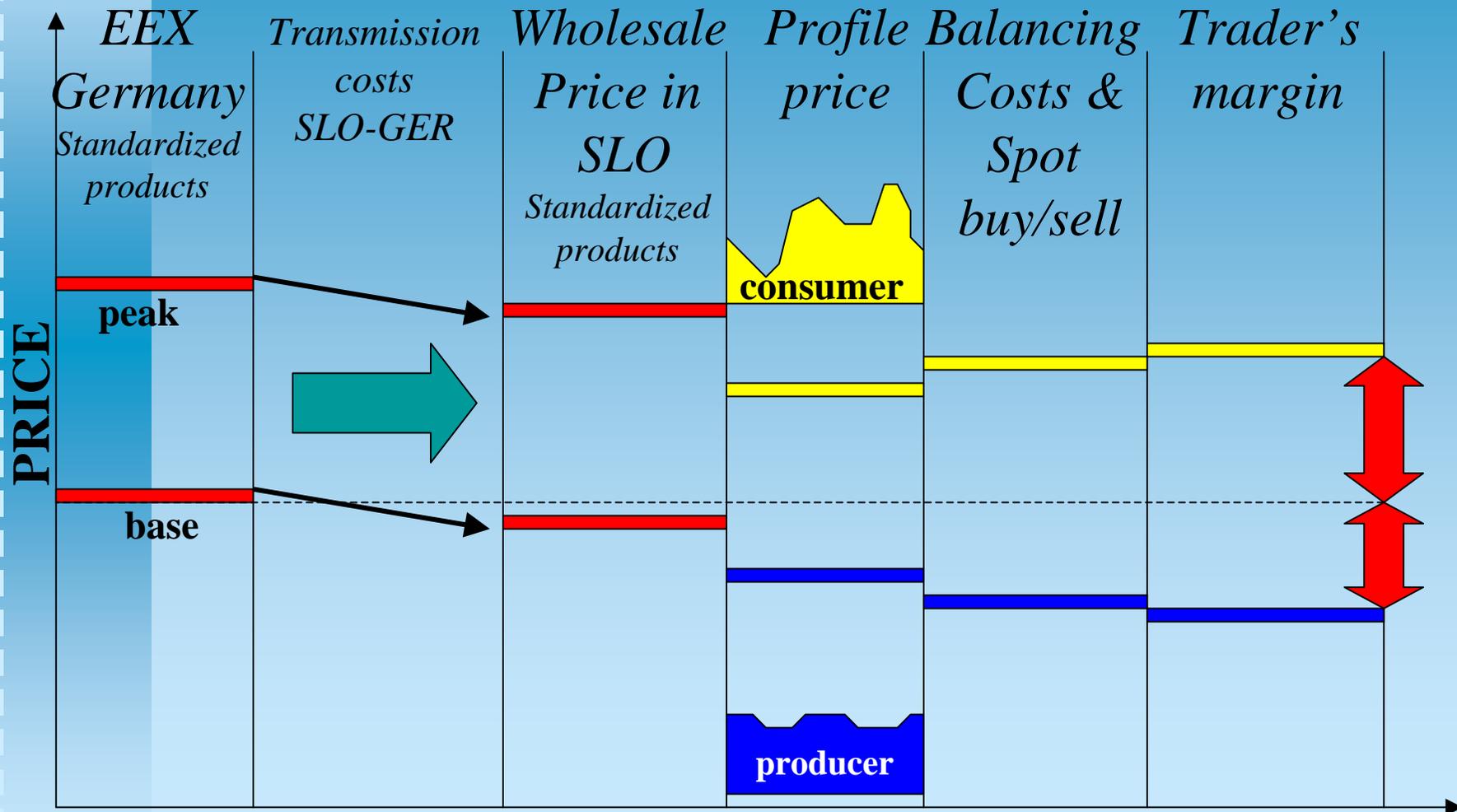


How product “energy purchase from QP” looks like?

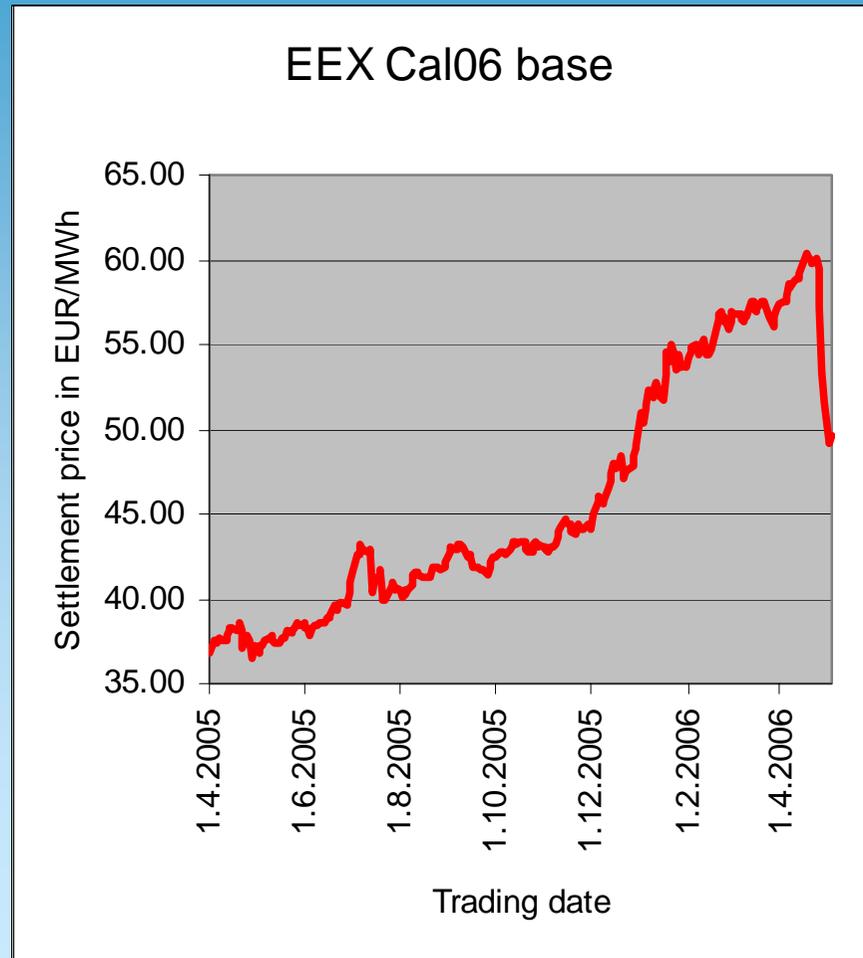
- QP is too small to act directly on the wholesale market
- QP usually too small to carry balancing group responsibility
- ⇒ product of buying energy from QP is very similar to “full-supply” product for end consumers

- **Product “energy purchase from QP”:**
 - ◆ Buyer (e.g. trader) takes over all balance group responsibility
 - ◆ QP gets always the fixed purchase price, independently of volume and market price risk
 - ◆ Terms of payment
 - ◆ Other services

Price formation and structure



Fixed price or index price?



Role of legal environment

- Transparent
- Stimulating
- Predictable
- Stable

**Uncertain legal environment increases
regulatory risk!**

Higher risk => higher risk premium

Conclusions

- Market opportunities exist
- Small RES-E should be encouraged to exploit market opportunities
- Stable and predictable legal environment is crucial



for additional questions:

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